Dilution of equity by FERA companies

*178. SHRI VISHVAJIT PRITHVIJIT SNGH:
SHRI JAGADISH JANI:

Will the Minister of FINANCE be pleased to state:

(a) what is the number of FERA companies which have voluntarily diluted their foreign equity to 40 per cent;

(b) what are the reasons indicated by the companies for voluntary dilution of their foreign equity; and

(c) whether it is a fact that after dilution of their foreign equity to 40 per cent their role in industrial economy has totally changed? if so, what are the details in this regard?

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH): (a) and (b) As on 24th July, 1986, 109 FERA companies have diluted their foreign equity to 40 per cent or less. Section 29 of Foreign Exchange Regulation Act, 1973, is applicable to companies in which the non-resident interest is in excess of 40 per cent. It is open to a company which at any given point of time, is attracted, by that provision of the Act, to dilute its non-resident interest to 40 per cent or less by legally permissible means. Whether or not, a company should so dilute its non-[illegible]dent interest is a matter for [illegible]orate decision and the reasons [illegible]fore are not enquired into.

(c) After a company dilutes its non-[illegible]ident interest to 40 per cent or less, it will no longer be subject to the above mentioned provisions of the Foreign Exchange Regulation Act. However, for any expansion or diversification which such a company may wish to undertake, it will continue to be subject to the provisions of other applicable laws in the country.

Cabinet Committee on exports

*179. PROF. C. LAKSHMANNA:
SHRI PARVATHANENI UNPENDRA:

Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that a Cabinet Committee on Exports has been constituted to promote exports;

(b) if so, what are the details of the composition and functions of the Committee;

(c) what are the reasons for the decline in exports of items like engineering during goods; and

(d) what measures are proposed to be taken to check the downward trend in exports and to achieve the target fixed for the purpose for the year 1986-87?

THE MINISTER OF EXTERNAL AFFAIRS AND MINISTER OF COMMERCE (SHRI P. SHIV SHANKER): (a) and (b) A Cabinet Committee on Exports has been appointed to take quick policy decisions to boost the exports.

(c) The international trading environment continues to be difficult for exports of many of our manufactured products and commodities due to slow-down in some of the major economies of the world and increasing protectionist barriers by the developed countries. The problems are further compounded in the case of engineering exports by inadequate domestic production base in certain areas, domestic cost structure and strains on our infrastructure on the one hand and balance of payments problems and slowing down of developmental activities in a number of developing countries in Asia and Africa on the other hand.

(d) The export target for the current financial year 1986-87 has been fixed at 12,203 crores. All possible efforts are being made to achieve the export target set for the year.